

## EXTENSION OF MOBILE TRADE FAIRS PROGRAM

JUNE 29, 1965.—Ordered to be printed

Mr. BARTLETT, from the Committee on Commerce, submitted the following

### REPORT

[To accompany H.R. 4525]

The Committee on Commerce, to whom was referred the bill (H.R. 4525) to amend the Merchant Marine Act, 1936, to provide for the continuation of authority to develop American-flag carriers and promote the foreign commerce of the United States through the use of mobile trade fairs, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### PURPOSE OF THE BILL

The purpose of the bill is to extend for 3 years the expiration date of the mobile trade fairs program administered by the Secretary of Commerce.

#### LEGISLATIVE BACKGROUND

The mobile trade fairs program was initiated under Public Law 87-839, approved October 18, 1962. It expires on June 30, 1965, unless extended. The Secretary of Commerce submitted a draft bill proposing the 3-year extension of the program on February 16, 1965. H.R. 4525 passed the House of Representatives on May 17. The Senate Subcommittee on Merchant Marine and Fisheries held hearings on the companion bill, S. 1772, on May 27. The legislation received the support of all agencies and Government departments concerned. No opposition was expressed either during the House of Representatives consideration of the bill or in the Senate committee hearing.

#### GENERAL DISCUSSION

Under the mobile trade fairs program, the Secretary of Commerce is authorized to encourage and promote the development and use of mobile trade fairs. The program is focused on showing and selling

American industrial and agricultural products in foreign ports and trade centers served by American-flag vessels and aircraft.

The act specifically authorized the Secretary of Commerce to offer technical and financial assistance to the operators of mobile trade fairs in those instances in which the Secretary determines that such operations provide an economical and effective means of promoting U.S. exports. The Secretary has defined the kinds of expenses which would be defrayed by the Department to be limited to: (1) Expenses relating to the entrance and clearance of foreign ports of entry when they are directly attributable to the mobile trade fairs project; (2) advertising expenses incurred in the foreign countries for the purpose of attracting visitors to the fair; (3) expenses for exhibit space and facilities; and (4) transportation in the foreign countries and related services.

The present law authorizes an annual appropriation of \$500,000. However, no funds were appropriated for the mobile trade fairs program for fiscal year 1963. An appropriation of \$200,000 was made for the fiscal year 1964 and \$400,000 for fiscal year 1965. In fiscal year 1964 the Department approved contracts in an aggregate amount of \$177,000 and approved contracts for \$346,000 for fiscal year 1965. In both fiscal years, applications for contracts substantially exceeded the amount of money available.

The Secretary of Commerce described the administration of the program to the chairman of the committee by letter dated May 24, 1965 as follows:

Following enactment of this legislation, plans were promptly initiated, in consultation with industry, to inaugurate a mobile trade fair program. Responsibility for the development and administration of the program was assigned to the Bureau of International Commerce. As plans developed, the Maritime Administration, the Department of Agriculture, and the Small Business Administration were consulted, and these agencies have been kept currently informed of program developments.

A budget request of \$200,000 was submitted by the Department to initiate the mobile trade fair program and, in December 1963, the Congress appropriated funds in this amount to support the program for the balance of fiscal year 1964. The program has been publicized through press releases, speeches by departmental officials, articles in publications, such as the New York Times, the Wall Street Journal, the Journal of Commerce, the Washington Star, and in International Commerce, a weekly magazine published by the Bureau of International Commerce with broad circulation throughout the business community. Departmental regulations concerning this new export marketing technique were published in the Federal Register on February 20, 1964 (29 F.R. 2595). These regulations defined the kinds of expenses which would be defrayed by the Department under the financial assistance provisions of the act, set forth the detailed information required to be submitted by applicants, and established the criteria for evaluating requests for financial assistance.

In testimony before the Subcommittee on Merchant Marine and Fisheries, the Director of the Bureau of International Commerce, Department of Commerce, pointed out that the experience of the Department under the program has been limited to about 17 months of actual operation but that the Department was pleased with the progress made and with the response from American business. The Director concluded by testifying as follows:

This interest has been expressed by substantial U.S. business firms and by the firms that have applied for assistance under the act. In addition, the Foreign Service of the United States has reported the favorable reception of mobile trade fair activities where they have been carried out under this program; it has also reported the interest of foreign business groups in the opportunity to become familiar with more U.S. products through a continuation and expansion of the program.

The Department proposes to continue encouraging prospective mobile trade fair operators as well as those with whom we have already had successful experience and to seek the development and adoption of new operating techniques which will broaden and increase the effectiveness of the program under this legislation.

We believe the mobile trade fair program is an excellent example of industry and Government cooperation in developing a new technique of export promotion. Our experience to date indicates that the concept of the program has promise and we therefore recommend that the legislation be continued for another 3 years.

#### CONCLUSIONS

The committee notes that authority is given in the present law for the use of foreign currencies owned by the United States to carry out the purposes of the program and it is hoped that these funds which are available in substantial quantities in certain countries could be used effectively in the promotion of our exports under this program. The committee was also impressed with the report that in a number of instances the Government's share of the total cost of any trade fair operation was between 10 and 15 percent with private industry paying the balance including the cost of ocean transportation.

The testimony given at the hearing on the legislation indicated that the program had been successful although the time of actual program operation was limited. The response from American businessmen, particularly those owning small businesses, has been gratifying. It is hoped that the program will prove particularly beneficial in the future for the small businessman who otherwise cannot afford to concentrate on export sales.

It is anticipated that during the next 3 years, the Department will have a sufficient operating experience under the program to suggest whether this effort should be continued on its present level, expanded or terminated.

#### COST

The bill authorizes annually appropriations not to exceed \$500,000 for the next 3 years.

## AGENCY REPORTS

Reports from the Comptroller General, Federal Maritime Commission, Justice Department, and State Department follow:

COMPTROLLER GENERAL OF THE UNITED STATES,  
*Washington, D.C., April 23, 1965.*

HON. WARREN G. MAGNUSON,  
*Chairman, Committee on Commerce,  
U.S. Senate.*

DEAR MR. CHAIRMAN: Reference is made to your letter of April 14, 1965, requesting our comments on S. 1772, which would amend the Merchant Marine Act, 1936, by extending for an additional 3 years, to June 30, 1968, the authority to develop American-flag carriers and promote the foreign commerce of the United States through the use of mobile trade fairs.

The enactment of S. 1772 would not directly affect the functions and operations of our Office, nor the interests of the United States as a shipper. However, the proposed legislation appears to be in the public interest and, accordingly, we have no objection to its favorable consideration by your committee.

Sincerely yours,

JOSEPH CAMPBELL,  
*Comptroller General of the United States.*

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FEDERAL MARITIME COMMISSION,  
OFFICE OF THE CHAIRMAN,  
*Washington, D.C., May 5, 1965.*

HON. WARREN G. MAGNUSON,  
*Chairman, Committee on Commerce,  
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request of April 14, 1965, for the views of the Federal Maritime Commission with respect to S. 1772, a bill to amend the Merchant Marine Act, 1936, to provide for the continuation of authority to develop American-flag carriers and promote the foreign commerce of the United States through the use of mobile trade fairs.

Inasmuch as the bill does not come within the regulatory function of this Commission we express no opinion on the provisions thereof.

The Bureau of the Budget advised there would be no objection to the submission of this letter from the standpoint of the administration's program.

Sincerely yours,

JOHN HARLEE,  
*Rear Admiral, U.S. Navy (Retired), Chairman.*



U.S. DEPARTMENT OF JUSTICE,  
OFFICE OF THE DEPUTY ATTORNEY GENERAL,  
Washington, D.C., May 24, 1965.

HON. WARREN G. MAGNUSON,  
*Chairman, Committee on Commerce,*  
*U.S. Senate, Washington, D.C.*

DEAR SENATOR: This is in response to your request for the views of the Department of Justice concerning S. 1772, a bill to amend the Merchant Marine Act, 1936, to provide for the continuation of authority to develop American-flag carriers and promote the foreign commerce of the United States through the use of mobile trade fairs.

Under present law appropriations are authorized until June 30, 1965, for the purpose of encouraging and promoting the development and use of mobile trade fairs (46 U.S.C. 1122b(a) and (c)). This bill would authorize appropriations for an additional 3 years.

The subject matter of this bill does not affect the activities of the Department of Justice; therefore, we defer to the Department of Commerce, within whose sphere of responsibility it is, as to whether the proposed extension should be enacted.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely,

RAMSEY CLARK,  
*Deputy Attorney General.*

DEPARTMENT OF STATE,  
Washington, June 11, 1965.

HON. WARREN G. MAGNUSON,  
*Chairman, Committee on Commerce, U.S. Senate.*

DEAR MR. CHAIRMAN: This refers to your letter dated April 14, 1965, in which you request the Department's comments on S. 1772, a bill to amend the Merchant Marine Act, 1936, to provide for the continuation of authority to develop American-flag carriers and promote the foreign commerce of the United States through the use of mobile trade fairs.

The Department is very much interested in any activity of American business which has as its objective the expansion of world trade and particularly the expansion of American exports. Increased American exports are an important feature of the President's intensified campaign to eliminate the current deficit in our balance of payments.

The particular substantive matters involved are within the competence of the Secretary of Commerce, the Department of State, while perceiving no objections from a foreign policy standpoint, offers no comment on the specific provisions and defers to the views of the Department of Commerce which we understand has submitted similar legislation to the Congress for its consideration.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

Sincerely yours,

DOUGLAS MACARTHUR II,  
Assistant Secretary for Congressional Relations  
(For the Secretary of State).

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

MERCHANT MARINE ACT, 1936, TITLE II, SUBSECTION (c) OF SECTION 212(B) (46 U.S.C. 1122b(c))

(c) There is authorized to be appropriated not to exceed \$500,000 per fiscal year for each of the [three] *six* fiscal years during the period beginning July 1, 1962, and ending [June 30, 1965] *June 30, 1968*. In addition to such appropriated sums, the President shall make maximum use of foreign currencies owned by or owed to the United States to carry out the purposes of this section.

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